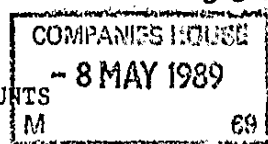


HOULTS HOLDINGS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 March 1988



HOULTS HOLDINGS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 1988

The directors submit their report and the audited accounts of the company and the group for the year ended 31 March 1988.

REVIEW OF THE BUSINESS

The company acts as a holding company for a number of companies whose principal activities during the year were the provision of storage services, the holding and letting of property and the carrying on of a farming trade.

RESULTS AND DIVIDEND

The results for the year are set out in the profit and loss account on page 4. The directors do not recommend the payment of a dividend on the company's ordinary shares.

DIRECTORS

The following directors served throughout the year:

FW Hoult (Chairman)
Mrs B Hoult
Mrs PA Hoult

The company's articles of association do not require any of the directors to retire.

DIRECTORS' INTERESTS

The interests of the directors in the Ordinary Shares of £1 of the company were as follows:

| | <u>31 March 1988</u> | <u>31 March 1987</u> |
|--------------|----------------------|----------------------|
| FW Hoult | 70,213 | 70,213 |
| Mrs B Hoult | - | - |
| Mrs PA Hoult | 4,000 | 4,000 |

In addition to the beneficial interests noted above, the directors had the following non-beneficial interests as trustees:

| | <u>31 March 1988</u> | <u>31 March 1987</u> |
|---------------------------|----------------------|----------------------|
| FW Hoult and Mrs PA Hoult | 9,787 | 9,787 |
| Mrs PA Hoult | 16,000 | 16,000 |

HOULTS HOLDINGS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 1988 - (continued)

TANGIBLE FIXED ASSETS

Movements in tangible fixed assets during the year are set out in note 7 to the accounts.

AUDITORS

The auditors, Price Waterhouse, have expressed their willingness to continue in office and resolutions to re-appoint them and to authorise the directors to fix their remuneration will be proposed at the annual general meeting.

By Order of the Board

FW ~~1988~~

Chairman

1 June 1988

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF HOULTS HOLDINGS LIMITED

We have audited the financial statements on pages 4 to 14 in accordance with approved Auditing Standards.

As explained in Note 1(a) and 7 no provision is made for depreciation in respect of the group's freehold farm building as required by Statement of Standard Accounting Practice No 12.

Except for the matter referred to in the preceding paragraph, in our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 March 1988 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1985.

PRICE WATERHOUSE

Chartered Accountants

1 June 1988

HOULTS HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 MARCH 1988

| | Notes | | As restated see Note 15 1987 |
|---|----------|-----------|------------------------------------|
| TURNOVER | 1(c) & 3 | 270,671 | 231,333 |
| Cost of sales | | (149,539) | (148,162) |
| GROSS PROFIT | | 121,132 | 83,171 |
| Administrative expenses | | (113,188) | (103,385) |
| Amount written off investment | | - | (5,500) |
| Other operating income | | 14,613 | 7,458 |
| OPERATING PROFIT/(LOSS) | | 22,557 | (18,265) |
| Income from fixed asset investments | | 4,011 | 4,119 |
| Interest payable and similar charges | | (28,707) | (26,307) |
| Interest receivable and similar income | | 19,733 | 37,323 |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | 2 | 17,594 | (3,121) |
| TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES | 4 | 6,475 | (8,617) |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION | | 24,069 | (11,738) |
| EXTRAORDINARY INCOME | 5 | - | 138,025 |
| PROFIT FOR THE FINANCIAL YEAR | | 24,069 | 126,287 |
| DIVIDEND | 6 | - | (1,240) |
| PROFIT FOR THE FINANCIAL YEAR SET ASIDE TO RESERVES | 15 | £24,069 | £125,047 |

HOWLTS HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET - 31 MARCH 1988

| | Notes | | As restated see Note 15 1987 |
|---|----------|------------------|------------------------------------|
| FIXED ASSETS | | | |
| Tangible fixed assets | 1(a) & 7 | 645,825 | 629,253 |
| Investments | 1(d) & 8 | 85,193 | 70,828 |
| Interest in farming partnership | | <u>10,000</u> | <u>10,000</u> |
| | | 741,018 | 710,081 |
| CURRENT ASSETS | | | |
| Bank deposit | | 100,000 | - |
| Investments | 9 | 57,583 | 57,583 |
| Debtors | 10 | 51,897 | 227,274 |
| Cash at bank and in hand | | <u>62,075</u> | <u>-</u> |
| | | 271,555 | 284,857 |
| CREDITORS (amounts falling due within one year) | 11 | <u>(153,731)</u> | <u>(174,958)</u> |
| NET CURRENT ASSETS | | <u>117,824</u> | <u>109,899</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 858,842 | 819,980 |
| CREDITORS (amounts falling due after more than one year) | 12 | (171,317) | (156,524) |
| PROVISIONS FOR LIABILITIES AND CHARGES | 13 | <u>-</u> | <u>-</u> |
| | | <u>£687,525</u> | <u>£663,456</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | 100,000 | 100,000 |
| Capital reserve | | 286,157 | 286,157 |
| Profit and loss account | 15 | 276,368 | 252,299 |
| Capital redemption reserve | 15 | <u>25,000</u> | <u>25,000</u> |
| | | <u>£687,525</u> | <u>£663,456</u> |

HOULTS HOLDINGS LIMITED

BALANCE SHEET - 31 MARCH 1988

| | <u>Notes</u> | | <u>1987</u> |
|--|--------------|-----------|-------------|
| FIXED ASSETS | | | |
| Investments | 8 | 577,595 | 577,595 |
| CURRENT ASSETS | | | |
| Debtors | 10 | - | - |
| CREDITORS (amounts falling due within one year) | 11 | (92,034) | (91,494) |
| NET CURRENT LIABILITIES | | (92,034) | (91,494) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 485,561 | 486,101 |
| CREDITORS (amounts falling due after more than one year) | 12 | (360,818) | (360,818) |
| | | £124,743 | £125,283 |
| | | ===== | ===== |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | 100,000 | 100,000 |
| Profit and loss account | 15 | (257) | 283 |
| Capital redemption reserve | 15 | 25,000 | 25,000 |
| | | £124,743 | £125,283 |
| | | ===== | ===== |

The financial statements on pages 4 to 14 were approved by the directors on 1 June 1988 and are signed on their behalf by:

FW Hoult
Mrs PA Hoult

Directors

FW Hoult
Peta Hoult

HOULTS HOLDINGS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE
YEAR ENDED 31 MARCH 1988

As restated
see Note 15
1987

SOURCE OF FUNDS

| | | |
|--|----------|--------------|
| Profit/(loss) on ordinary activities before taxation | 17,594 | (3,121) |
| Adjustment of items not involving the movement of funds: | | |
| Depreciation | 17,936 | 17,341 |
| (Profit)/loss on sale of tangible fixed assets | - | (1,346) |
| Profit on sale of investments | (14,613) | (7,458) |
| Amounts written off investments | - | <u>5,500</u> |
| FUNDS GENERATED FROM OPERATIONS | 20,917 | 10,916 |

FUNDS FROM OTHER SOURCES

| | | |
|---|---------|----------------|
| Tax recovered | 136,606 | 8,437 |
| Proceeds from sale of tangible fixed assets | - | 6,586 |
| Proceeds from sale of investments | 25,992 | 25,167 |
| Loan received | - | <u>156,524</u> |
| | 162,598 | 196,714 |

APPLICATION OF FUNDS

| | | |
|-----------------------------------|-----------------|-----------------|
| Purchase of tangible fixed assets | (34,508) | (37,713) |
| Purchase of quoted investments | (25,744) | (24,088) |
| Tax paid | (11,388) | (12,683) |
| Preference dividend paid | - | (1,240) |
| Share redemption | - | <u>(50,000)</u> |
| | <u>(71,640)</u> | (125,725) |

| | | |
|--|---------|--------|
| DECREASE/(INCREASE) IN WORKING CAPITAL | 111,875 | 81,905 |
|--|---------|--------|

| | | |
|-----------|-----------------|------------------|
| Debtors | 39,930 | (21,558) |
| Creditors | <u>(22,566)</u> | <u>(287,308)</u> |
| | 17,364 | (308,866) |

| | | |
|---|-----------------|-------------------|
| INCREASE/(DECREASE) IN NET LIQUID FUNDS | <u>£129,239</u> | <u>£(226,961)</u> |
|---|-----------------|-------------------|

HOULTS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1988

1 ACCOUNTING POLICIES

The accounting policies followed for items which are judged material or critical in determining the results for the year and in stating the financial position are set out below.

(a) Tangible fixed assets

Freehold property is stated at cost. Depreciation is charged on a straight line basis so as to write off the cost of the assets over their estimated useful lives using the following rates per annum:

| | |
|-------------------------|-----|
| Freehold property | 2% |
| Motor vehicles | 20% |
| Furniture and equipment | 20% |

No provision is made for depreciation in respect of the freehold farm building as, in the opinion of the directors, its market value is in excess of cost.

(b) Deferred taxation

Provision is made on the liability basis only if a deferred taxation liability is likely to become payable in the foreseeable future.

(c) Turnover

Turnover, which is exclusive of value added tax, represents rents receivable, the invoiced value of storage services provided and the group's share of the profit arising from the farming trade carried on in partnership.

(d) Fixed Asset Investments

Fixed asset investments are stated at cost, except where, in the opinion of the directors, there is a permanent impairment in value.

2 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

| | | 1987 |
|--|----------|----------|
| Staff costs: | | |
| Wages and salaries | 76,972 | 76,665 |
| Social security costs | 7,025 | 7,230 |
| Other pension costs | 500 | 500 |
| Depreciation | 17,936 | 17,341 |
| (Profit)/loss on sale of tangible fixed assets | - | (1,346) |
| Profit on sale of investments | (14,613) | (7,458) |
| Auditors' remuneration | 5,600 | 4,000 |
| Bank and short term loan interest | 9,171 | 3,489 |
| Other interest payable | 18,435 | 18,042 |
| Interest payable on overdue tax | 933 | 4,776 |
| Interest receivable on tax repayment | (17,555) | (34,000) |
| Bank and other interest receivable | (2,178) | (3,323) |
| Income from quoted investments | (4,011) | (4,119) |

The remuneration of the directors, excluding pension contributions but including benefits in kind, totalled £441,149 (1987 - £41,498).

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MOULTS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1988 (continued)

3 TURNOVER

1987

Turnover for the year comprised:

| | | |
|--|-----------------|-----------------|
| Rental income from letting of properties | 209,639 | 189,200 |
| Sale of storage services | 47,632 | 30,182 |
| Farming income | 13,400 | 11,916 |
| | <u>£270,671</u> | <u>£231,298</u> |
| | ===== | ===== |

4 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The taxation charge/(credit) for the year on ordinary activities comprises:

1987

| | | |
|---|-----------------|---------------|
| Current year: | 30 | 75 |
| Corporation tax | - | (1,700) |
| Deferred taxation | 1,102 | 1,201 |
| Tax credit on franked investment income | (30) | 10,717 |
| ACT (recoverable)/written off | | |
| Prior year adjustment: | (7,505) | (2,747) |
| Corporation tax | (72) | 1,071 |
| ACT recoverable written off | | |
| | <u>£(6,475)</u> | <u>£8,617</u> |
| | ===== | ===== |

5 EXTRAORDINARY INCOME

The extraordinary income in the previous year represented the adjustments to provisions made in prior years' accounts for taxation on extraordinary income included in those accounts and is made up as follows:

1987

| | | |
|----------------------|-----------|-----------------|
| Development land tax | - | 191,586 |
| Corporation tax | - | 53,561 |
| | <u>£-</u> | <u>£138,025</u> |
| | ===== | ===== |

HOULTS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1988 (continued)

6 DIVIDEND

| | <u>1987</u> |
|---|-------------|
| Dividend paid on 10% redeemable convertible preferred ordinary shares | £1,240 |
| | ===== |

The 10% redeemable convertible preferred ordinary shares were redeemed last year.

7 TANGIBLE FIXED ASSETS

| | <u>Freehold farm land and building</u> | <u>Freehold property</u> | <u>Motor vehicles</u> | <u>Furniture and equipment</u> | <u>Total</u> |
|---------------------|--|------------------------------|---------------------------|--|--------------|
| COST | | | | | |
| At 1 April 1987 | 338,973 | 313,547 | 45,095 | 18,756 | 716,371 |
| Additions | - | 30,573 | - | 3,935 | 34,508 |
| At 31 March 1988 | 338,973 | 344,120 | 45,095 | 22,691 | 750,879 |
| DEPRECIATION | | | | | |
| At 1 April 1987 | - | 51,135 | 21,474 | 14,509 | 87,118 |
| Charge for the year | - | 6,882 | 8,430 | 2,624 | 17,936 |
| At 31 March 1988 | - | 58,017 | 29,904 | 17,133 | 105,054 |
| NET BOOK AMOUNT | | | | | |
| At 31 March 1988 | £338,973 | £286,103 | £15,191 | £5,558 | £645,825 |
| At 31 March 1987 | £338,973 | £262,412 | £23,621 | £4,247 | £629,253 |

No provision is made for depreciation in respect of the freehold farm building as, in the opinion of the directors, its market value is in excess of cost.

HOULTS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1988 (continued)

8 FIXED ASSET INVESTMENTS

| | <u>Group</u> | | <u>Company</u> | |
|---|--------------|-------------|----------------|-------------|
| | <u>1988</u> | <u>1987</u> | <u>1988</u> | <u>1987</u> |
| Shares in subsidiary companies at cost | - | - | 577,595 | 577,595 |
| Other quoted investments | 85,193 | 70,828 | - | - |
| | £85,193 | £70,828 | £577,595 | £577,595 |
| | ===== | ===== | ===== | ===== |
| Market value of quoted investments at 31 March 1987 | £98,398 | £98,716 | | |
| | ===== | ===== | | |

A liability of £4,500 (1987 - £10,000) to corporation tax on capital gains would arise if the quoted investments were to be sold at their market value.

The company's subsidiary companies, all of which are wholly-owned and incorporated in Great Britain, are as follows:

Activities

| | |
|-------------------------|-----------------------------------|
| Hoults Limited | Provision of storage services |
| Hoults Estates Limited | Holding and letting of properties |
| Hoults (London) Limited | Farming |

9 CURRENT ASSET INVESTMENTS

| | <u>Group</u> | | <u>Company</u> | |
|----------------------------------|--------------|-------------|----------------|-------------|
| | <u>1988</u> | <u>1987</u> | <u>1988</u> | <u>1987</u> |
| Tax deposit certificates at cost | £57,583 | £57,583 | £ - | £ - |
| | ===== | ===== | ===== | ===== |

10 DEBTORS

| | <u>Group</u> | | <u>Company</u> | |
|----------------------------------|--------------|-------------|----------------|-------------|
| | <u>1988</u> | <u>1987</u> | <u>1988</u> | <u>1987</u> |
| Trade debtors | 48,106 | 59,540 | - | - |
| Taxation recoverable | 17 | 17 | - | - |
| Prepayments and accrued income | 567 | 270 | - | - |
| Other debtors | 3,207 | 2,000 | - | - |
| Development land tax recoverable | - | 135,447 | - | - |
| Interest due on tax repayment | - | 30,000 | - | - |
| | £51,897 | £227,274 | £ - | £ - |
| | ===== | ===== | ===== | ===== |

HOULTS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1988 (continued)

11 CREDITORS (amounts falling due within one year)

| | Group | | Company | |
|------------------------------------|-----------------|-----------------|----------------|----------------|
| | 1988 | 1987 | 1988 | 1987 |
| Bank loan and overdraft | 84,816 | 66,773 | 175 | - |
| Trade creditors | 7,138 | 31,377 | - | - |
| Amounts owed to group companies | - | - | 90,853 | 88,277 |
| Accruals and deferred income | 11,144 | 9,315 | 500 | 500 |
| Corporation tax | 42,003 | 58,707 | 506 | 10,717 |
| Other taxation and social security | 6,853 | 7,297 | - | - |
| Other creditors | 1,777 | 1,489 | - | - |
| | <u>£153,731</u> | <u>£174,958</u> | <u>£92,034</u> | <u>£91,494</u> |
| | ===== | ===== | ===== | ===== |

The group's bank borrowings are secured by fixed and floating charges over its assets. The company has entered into a cross-guarantee in respect of bank borrowings by other group companies which at 31 March 1988 amounted to £68,661 1987 £59,005).

12 CREDITORS (amounts falling due after more than one year)

| | Group | | Company | |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 1988 | 1987 | 1988 | 1987 |
| Loan from subsidiary company | - | - | 360,818 | 360,818 |
| Bank loans | | | | |
| - repayable between 1-2 years | 15,980 | 8,000 | - | - |
| - repayable between 2-5 years | 42,035 | 32,000 | - | - |
| - repayable in 5 years or more | 113,302 | 116,524 | - | - |
| | <u>£171,317</u> | <u>£156,524</u> | <u>£360,818</u> | <u>£360,818</u> |
| | ===== | ===== | ===== | ===== |

The bank loans are repayable over 10 and 20 years and interest is payable quarterly at the rate of 2% per annum above base rate.

The loan from a subsidiary company is interest-free and is repayable at a date to be mutually agreed, subject to a minimum of twelve months' notice being given by the subsidiary company.

HQUELS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1988 (continued)

3 PROVISIONS FOR LIABILITIES AND CHARGES

The amount provided and the potential liability for deferred taxation not provided in respect of the group are as follows:

| | 1988 | | 1987 | |
|---|-----------------|----------------------------|-----------------|----------------------------|
| | <u>Provided</u> | <u>Potential liability</u> | <u>Provided</u> | <u>Potential liability</u> |
| Accelerated capital allowances and short term timing differences | - | - | - | 150 |
| Taxation arising on surplus on property revaluation in the subsidiaries | - | 44,500 | - | 40,000 |
| Losses carried forward | - | (4,500) | - | - |
| ACT recoverable | - | (11,741) | - | (11,741) |
| | <u>£-</u> | <u>£28,259</u> | <u>£</u> | <u>£28,409</u> |
| | ===== | ===== | ===== | ===== |

14 CALLED UP SHARE CAPITAL

| | <u>Authorised</u> | <u>Allotted and fully paid</u> | |
|-----------------------|----------------------|--------------------------------|-------------|
| | <u>1988 and 1987</u> | <u>1988</u> | <u>1987</u> |
| Ordinary shares of £1 | £125,000 | £100,000 | £100,000 |
| | ===== | ===== | ===== |

HOULTS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1988 (continued)

15 RESERVES

a) PROFIT AND LOSS ACCOUNT

| | | <u>Group</u> | <u>Company</u> |
|------------------------|-----------------|-----------------|----------------|
| | <u>1988</u> | <u>1987</u> | <u>1988</u> |
| Balance at 1 April | | | |
| As previously reported | 271,361 | 177,252 | 283 |
| Prior year adjustment | <u>(19,062)</u> | <u>-</u> | <u>-</u> |
| As restated | 252,299 | 177,252 | 283 |
| Retained profit | | | |
| for the year | 24,069 | 125,047 | (540) |
| Purchase of own shares | <u>-</u> | <u>(50,000)</u> | <u>-</u> |
| Balance at 31 March | <u>£276,368</u> | <u>£252,299</u> | <u>£(257)</u> |
| | ===== | ===== | ===== |

The prior year adjustment was in relation to a material overstatement of debtors in the year ended 31 March 1987.

The holding company has not presented its own profit and loss account as permitted by Section 228(7) of the Companies Act 1985. The company's loss after taxation was £540 (1987 - loss £10,005).

b) CAPITAL REDEMPTION RESERVE

The capital redemption reserve of £25,000 was set up on the redemption of £25,000 10% redeemable convertible preferred ordinary shares at £50,000 in the year ended 31 March 1987.

16 EMPLOYEES

The average number of persons employed by the group during the year was 10 (1987 - 10).

17 CAPITAL COMMITMENTS

There were no capital expenditure authorised or contracted for at 31 March 1988 (1987: £Nil).